

Service Date: July 13, 1982

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER Of The Application)UTILITY DIVISION
Of MONTANA-DAKOTA UTILITIES COM-)DOCKET NO. 82.6.40
PANY For Authority To Establish)INTERIM ORDER NO.4918
Increased Rates For Gas Service.)

FINDINGS OF FACT

1. On June 18, 1982, the Montana-Dakota Utilities Company (MDU, Company, Applicant) filed with the Commission a general rate increase application for gas service The filing was assigned Docket No. 82.6.40.
2. The application seeks an annual increase in revenues of \$5,951,673. Rate schedules filed with the application reflect an overall increase of 12.25% for gas service.
3. Included in the general filing was a request for interim relief in the amount of 84,317,825.
4. The Commission finds the appropriate level of interim relief to be \$2,599,807 as calculated in the following table:

Interim Relief Requested	\$4,317,825
Less Revenue Increase From Industrial Sales Volumes Adjustment	858,146
Less Disallowance of 6% Wage	

Increase	331,457
Less F.I.C.A. Tax Effect of Labor Disallowance	16,306
Less Increase in Research and Development	11,863
Less Disallowance of Long-term Debt Interim Relief Granted	<u>500,246</u>
	\$2,599,807

5. The Commission's adjustment to industrial sales volumes is the result of updated actual figures provided by the Company. In its filing, the Company estimated 1982 industrial sales. Upon request, the Company provided actual industrial sales volumes for the twelve (12) months ended May, 1982. The actual figures result in a revenue increase which reduces the amount of interim relief request by \$858,146.

6. Adjustment No. 6 of Statement G, page 4 of 17, includes a projection of 6% increase in general wages. The Commission disallowed this adjustment because it is not known and measurable. The Commission's adjustment is in the amount of \$331,457.

7. The increased expenses of Adjustment No. 6 result in an increase in payroll taxes. The Commission adjusted the payroll tax expenses by \$16,306 to reflect the disallowance of the 6% increase in general wages discussed in Finding of Fact No. 6.

8. Adjustment No. 12 of Statement G, page 11 of 17, projects the amount to be spent in research and development for 1982. The Commission views this as not a known and measurable

change and chooses to use the actual test year amount. The Commission's adjustment is in the amount of \$11,863.

9. The Company included in its capital structure \$45,000,000 of long-term debt which has not yet been sold. The Commission finds that the projection of the sale of these first mortgage bonds does not constitute a known and measurable change, and, therefore, the Commission eliminated the bonds from the capital structure. This adjustment results in an overall decrease of requested revenue requirement in the amount of \$500,246.

10. MDU is directed to file tariff sheets reflecting an interim revenue increase for gas service in the amount of \$2,599,807.

CONCLUSIONS OF LAW

1. Applicant, Montana-Dakota Utilities Company, is a corporation providing gas service within the State of Montana, and as such, is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "The Commission may, in its discretion, temporarily approve an increase pending a hearing or final decision."

4. The rate levels and spread approved herein are a rea-

sonable means of providing interim relief to Montana-Dakota Utilities Company. The rebate provisions of Section 69-3-304 MCA, protect ratepayers in the event that any revenue increases authorized by this Order are found to be unjustified in the final order in this Docket.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Applicant, Montana-Dakota Utilities Company is hereby GRANTED interim rate relief in the amount of \$2,599,807 on an annual basis to be effective for meters read on and after August 12, 1982.

2. Interim revenues granted herein are subject to rebate should the final order in this Docket determine that a lesser increase is warranted. Such a rebate would include interest at 14.7% per annum as stipulated to by Montana-Dakota Utilities Company.

DONE IN OPEN SESSION this 12th day of July, 1982, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Gordon E. Bollinger, Chairman

John B. Driscoll, Commissioner

Howard L. Ellis, Commissioner

Clyde Jarvis, Commissioner

Thomas J. Schneider, Commissioner

ATTEST:

Madeline L. Cottrill, Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion For Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If no Motion For Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38.2.4806, ARM.